



March 11, 2019

Senator Christine Cohen, Co-chair  
Representative Mike Demicco, Co-chair  
Joint Committee on Environment  
Connecticut General Assembly  
Legislative Office Building, Room 3200  
Hartford, CT 06106

Dear Chair Cohen, Chair Demicco, and members of the Committee:

Thank you for the opportunity to provide written testimony to the Joint Committee **in strong support of General Assembly bill HB 7295, An Act Concerning a Recycling Program for Paper and Packaging and Requirement Certain Municipal Solid Waste Management Goals.**

The Product Stewardship Institute (PSI) is a national nonprofit organization committed to reducing the health, safety, and environmental impacts of consumer products with a strong focus on sustainable end-of-life management. **Based on two decades of rigorous research, we believe that manufacturers have a responsibility to internalize the costs of safely managing, reusing, and recycling the products they create. When manufacturers assume this responsibility, the result is reduced waste, lower environmental impacts, reduced costs for governments and taxpayers, and job creation.** With members from 47 state environmental agencies and hundreds of local governments, as well as 120 corporate, academic, non-U.S. government, and organizational partners, we work to promote product stewardship initiatives across North America.

PSI applauds the Committee's attention to paper and packaging and its recognition of the need for policies to reduce and manage this material stream appropriately. In particular, we support the establishment of an extended producer responsibility (EPR) program.

In 2017-18, I was a member of Connecticut's *Task Force to Study Methods for Reducing Consumer Packaging that Generates Solid Waste*. The Task Force was originally established to evaluate models for comprehensive financing to stabilize and expand recycling programs in the state, while stabilizing and reducing city and town expenditures on recycling services. The Task Force process, however, was fundamentally flawed. The Task Force did *not* represent a broad range of interests. Municipalities, which are impacted most by the issues, were left out. The group was dominated by a lobbyist from the waste industry, a representative of the electronics industry opposed to EPR, and others with little understanding of recycling, EPR, or the recycling crisis, which has only worsened since. With a group that was largely in opposition to EPR and had little interest in learning, the outcome (a recommendation against EPR) was no surprise. Notably, no one in opposition to EPR offered a viable solution, but rather recommended that the state raid bottle bill funding that is already committed to other environmental priorities, or place an even greater burden on municipalities by requiring more enforcement and education. Those on the Task Force who opposed EPR failed to offer a sustainably financed solution that will remedy the solid waste problems Connecticut faces.

At that time, I recommended to the Task Force (see Attachment A) that Connecticut seek to put in place a solid waste management system that achieves the following outcomes:

- Cohesive system that integrates existing related laws, regulations, and programs.
- Use of existing recycling and solid waste collection and processing infrastructure.
- Seek no negative impact on haulers or residents choosing private subscription service.
- All municipalities collect the same materials for recycling.
- Statewide education that provides consistent messaging to residents and businesses.
- Full producer payment into the system.
- Full producer involvement in the collection and processing system, with state government oversight and a multi-stakeholder advisory committee.
- Use of systems with a proven track record to achieve Connecticut's overall goals.

The Task Force's dissenting opinion (see attachment B) laid out the reasons why Connecticut should pursue EPR, and why it is the only strategy that achieves the outcomes described above. **EPR programs for packaging and paper have been operating with great success in many areas of the world for more than 30 years**, including Belgium, which has achieved an 80 percent recycling rate for packaging, and in British Columbia, which has achieved a 75 percent recovery rate. Well-designed packaging EPR programs provide for better coordination between producers and recyclers, improve the recyclability of packaging, and ultimately improve the supply (the amount, quality, and reliability) of feedstock for recycled content materials.

While the U.S. is currently the only member nation of the Organization for Economic Cooperation and Development that does *not* have an industry-financed packaging stewardship program, **EPR legislation for packaging has been introduced or is in development in at least five states in the U.S. this year.**

The need for a new approach has never been clearer. With commodity prices at all-time lows due to the loss of export markets, local governments are struggling to maintain recycling programs. Communities stockpile materials as they wait to find suitable markets and struggle with contamination resulting from consumer confusion over complex plastic packaging and varied recycling program guidelines.

While the need for change has become front-page news in recent months, the problems with the system are longstanding and fundamental. A cross-section of stakeholders, including thousands of our local and state government members across the country, agrees that the current recycling system is deeply flawed in a number of important ways:

- ***Inefficient and fragmented:*** Current recycling programs are disorganized and ineffective. Adjacent municipalities often collect different materials, have different contracts, and communicate different messages to their residents. Moreover, products consumed away from home present particular challenges for packaging due to a lack of sufficient "away from home" recycling options.
- ***Inconsistent:*** Municipal recycling budgets vary greatly from year to year, as recycling competes for funding with other important public services, such as fire, police, and schools. Constant budget constraints make municipal recycling programs unreliable suppliers for producers of recycled content goods. Additionally, annual budget cycles often don't allow governments to enter into long-term contracts that can stabilize the markets for recycled materials. Finally, the

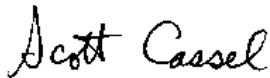
value of recycled materials that government officials manage changes constantly, as manufacturers vary their product designs.

- **Inadequate:** The current waste management and recycling system is not sustainable. Nationally, recycling programs have stagnated: in the past decade, recycling has increased, on average, only one percentage point per year. Governments are financially unable to invest in collection and recycling infrastructure needed to process additional materials.

These problems cannot be solved with the current system. **Industry-backed recommendations to address today's crisis, such as increased education or additional enforcement, will not bring about significant change and would burden local governments even more.** Other strategies, including voluntary product stewardship efforts, effect small, incremental changes in attempts to optimize the current system. While all these efforts are important, they need to be a complement to an industry-funded system. **EPR is the only large-scale solution that takes an entirely different approach to create a much-needed, significant transformation in the entire system.**

Under the current system, producers are **unfairly burdening communities and taxpayers** with increasingly costly waste. The costs of managing the waste from ever-more complex plastic packaging has been externalized to communities, which are expected to invest in new infrastructure. There is neither a direct cost nor an incentive for producers to change their practices. The responsibility must be on those that benefit from the materials collected, from those whose packaging results in billions of dollars of municipal waste management costs, and from those that make the design choices regarding what materials to use for packaging – the producers.

Sincerely,

A handwritten signature in black ink that reads "Scott Cassel". The signature is written in a cursive, slightly stylized font.

Scott Cassel

Chief Executive Officer / Founder

# **ATTACHMENT A**

## **Recommendations to the Connecticut Legislative Packaging Task Force October 2, 2017**

**Scott Cassel**  
**Chief Executive Officer / Founder, Product Stewardship Institute**

Thank you for the opportunity to participate in the Connecticut Legislative Packaging Task Force and to provide the following recommendations, which take into consideration presentations given during the Task Force meetings that I attended, dozens of multi-stakeholder conversations about packaging waste in the U.S. that I have participated in over the past 12 years, and more than 30 years of experience in solid waste management. I hope to have the opportunity to help implement these recommendations in Connecticut.

### **Problem**

Over the past 15 years, the recycling rate in Connecticut has leveled off. Other states around the country mirror this trend. Millions of tons of materials have been wasted. Connecticut's existing waste management system has not kept pace with the need for improvement. Municipalities throughout the state collect different sets of materials for recycling. They run dissimilar recycling education programs for residents. There is little investment in new technologies by the waste industry because there is no guarantee they will be able to recover their costs. Meanwhile, the external costs of pollution keep mounting, unaccounted, while recycling jobs that could be created by recovering more material are lost. Municipalities and taxpayers continue to bear the burden of paying for garbage created by others, a grossly unfair system. The lack of a cohesive solid waste management program in Connecticut has led to inefficiencies and greater costs for all stakeholders. Brand owners that pledge to meet sustainability goals cannot find enough recycled material to create new products to help reach their goals.

### **Opportunity**

Connecticut has an opportunity to significantly change the way it manages packaging waste. It has been a national leader in exploring changes needed to its current waste management system, as well as looking to create a greatly enhanced system that will conserve resources, create recycling jobs, save municipalities money, and allow private sector competition and control within a lightly regulated system that emphasizes program performance. The Comprehensive Materials Management Strategy (CMMS) is an excellent roadmap to achieving the state's goal of 60 percent diversion of materials from disposal by 2024. This Task Force has the opportunity to make changes to 40 percent of the waste stream comprised of packaging and printed paper (PPP). Without significant changes to the PPP sector, the state cannot achieve its diversion goal. .

### **Overarching Goals**

Any system developed by Connecticut to enhance its waste management system should seek to achieve the following overarching goals, which are in line with the CMMS:

- Reduce municipal waste management costs by shifting costs from taxpayer-funded government programs to the producers and consumers who benefit from the products.
- Reduce waste; increase recycling and reuse.
- Maximize material value, including reducing contamination.
- Create recycling jobs.
- Create incentives for manufacturers to make more sustainable products.

### **System Framework**

Connecticut should seek to put in place a solid waste management system that achieves the following outcomes:

- Cohesive system that integrates existing related laws, regulations, and programs.
  - An integrated approach, as envisioned by the CMMS, will knit together the current fragmented system and create efficiencies through coordinated approaches that will better focus all system components on achieving common overarching goals.
- Use of existing recycling and solid waste collection and processing infrastructure.
  - Connecticut has a robust existing infrastructure that can handle more recyclable material. Using this infrastructure will be least costly and least disruptive, creating greater efficiency and system harmonization.
- Seek no negative impact on haulers or residents choosing private subscription service.
  - One third of Connecticut residents choose their own waste management and recycling services (e.g., not directed by municipal officials). A new system should seek to maintain this structure.
- All municipalities collect the same materials for recycling.
  - Collecting the same set of recyclables throughout the state will reduce consumer confusion, contributing to higher participation, less contamination, and increased program efficiency.
- Statewide education that provides consistent messaging to residents and businesses.
  - Consistent statewide messaging will be less expensive and far less confusing than the existing diverse messages delivered to residents solely based on where they live in the state.
- Full producer payment into the system.
  - Producers are the only entity that can provide a consistent supply of funding needed to reach the overarching goals. This critical role is one of the key pillars to realizing benefits not only to producers themselves (increase in available high-quality recycled feedstock, meeting sustainability goals, etc.), but also to the waste management sector (in the form of recycling jobs) and to municipalities (through reduced costs). Each product sold into the market creates a cost currently borne by municipalities and taxpayers, and not by the companies or consumers, which represents a fairer system. Requiring producers to pay their share of the material they put into the market creates a financial incentive for them to reconsider the materials used in their packaging. Payment should include the cost of collection, processing, education, outreach, and state government oversight and enforcement.
- Full producer involvement in the collection and processing system, with state government oversight and a multi-stakeholder advisory committee.
  - If producers pay, they need close involvement in the system to maximize efficiency. Such a system can be set up in a way that preserves current norms in Connecticut regarding municipal involvement and hauler operations. A new system of

- contracting should be set up to account for changes so that brand owners develop contracts for collection and processing, but offer opportunities to maintain existing hauler relationships, and use existing infrastructure.
- The Connecticut Department of Energy and Environmental Protection should develop regulations that clarify new legislation, and must commit to enforcement against non-compliant companies to ensure a level playing field.
- Other stakeholders (e.g., municipalities, waste management industry, and consumer/environmental groups) have a significant advisory role to play. These perspectives should be formally incorporated into a multi-stakeholder advisory committee that has a significant voice in brand owner decisions. Continual communication is necessary for successful program implementation.
- Use of systems with a proven track record to achieve Connecticut's overall goals.
  - Many ideas have been proposed in the Task Force meetings, most of which have been tried over the past 30 years by waste management professionals, including myself. The Task Force should seek new and existing systems that have the ability to take Connecticut beyond where it is now. Connecticut should choose systems that have been *proven* to achieve the overarching goals sought, even if in other places in the world. Connecticut should not be satisfied with recommendations that propose the same strategies tried over the past 30 years, and should not rely on voluntary systems alone. The stakes are too high to leave it to chance or to prolong the process unnecessarily.

### System Recommendations

Based on my solid waste experience working in the public, for-profit, and non-profit sectors, I recommend the following system components that best fit the system framework described above, and which have the best chance of meeting the overarching goals:

- **Extended Producer Responsibility (EPR):** Connecticut should adopt an EPR system as the central component of its new materials management program. These are the only systems proven globally to achieve the goals Connecticut strives to meet. For example, British Columbia's EPR program achieved a 72 percent recycling rate in 2016. Belgium's recycling rate was 81 percent in 2014 and their program overall creates 2,500 jobs; last year, their packaging recycling system avoided more than 670,000 tons of carbon dioxide emissions. The U.S. is only one of a few countries in the Organization for Economic Cooperation and Development that does not have an EPR for packaging system. Those with EPR systems (some for up to 30 years) include all 28 countries in the European Union, the four largest provinces in Canada, Israel, Brazil, Chile, India, Russia, and numerous other countries. EPR systems are growing worldwide, and are the only systems seriously under consideration by countries seeking to meet overarching goals similar to those set out by Connecticut.
- **Continue promotion of Pay-as-You-Throw:** PAYT programs promote *consumer* responsibility through financial incentives. They also rely solely on municipal resources and political will for promotion, acceptance, and passage. These systems exclude producer responsibility and are difficult to pass politically. While they work well to reduce waste and increase recycling, and should be part of any comprehensive waste reduction program, they cannot be relied on independently, or in combination with enhanced existing systems, to reach the state's overarching goals. There are many global examples of PAYT programs playing a complementary role to an EPR system, including Belgium and Germany. In 1992, I was part of a team that

introduced a PAYT system proposal in the town where I still reside – Brookline, Massachusetts. It finally passed in 2016. Connecticut should not have to wait this long for program relief.

- **Bottle Bill:** I managed Massachusetts's beverage container redemption system for seven years (1993-2000). It was time-consuming to manage but produces a high quality consistent supply of glass, plastic, metal, and aluminum. In addition, the rate of return for beverage containers under a redemption law is three times the rate of non-redemption containers. These systems nationally produce similar results. They provide a strong consumer financial incentive and require partial producer responsibility on one segment of the packaging industry. There are numerous examples globally of the ways in which beverage deposit systems can complement a new EPR packaging system. There are also opportunities to explore ways to reduce duplicative system costs, which have been contentious in discussions of redemption programs. Attention to new handling methods that reduce glass breakage and contamination will maximize system performance.
- **Require EPR Programs to Recycle to the Greatest Extent Possible:** Connecticut's current law requires municipalities to recycle or be subject to a fine if out of compliance. Although well intentioned, these systems amount to an unfunded mandate for many municipalities whose costs to enhance their recycling system often exceed the financial value to the town. This mandate gets to the heart of the concept of producer responsibility. Taxpayers should not have to pay to manage products put on the market by companies. It makes no sense for taxpayers to continue paying this bill, since under this system there is no incentive for manufacturers to consider the impact of the types of materials they place on the market. Managing those products after consumer use should be the responsibility of the companies because they alone have the ability to alter the materials used in those products, and the materials they use dictate the cost of managing those products—a cost that municipalities currently bear. This is the perspective that Connecticut legislators must come to understand. This is the perspective that other countries around the globe have already realized. Once a new EPR program is put in place, in which producers provide funding into a system *they* manage to most efficiently collect and process materials *they* put on the market, it will be reasonable to enforce against municipalities that do not use a new comprehensive recycling system in the manner intended.
- **Voluntary Industry Programs:** The Recycling Partnership has made significant strides to provide collection carts and technical assistance to municipalities in need. I applaud this effort. However, it is incremental and focused on a limited slice of what is needed to meet the overarching goals set out by Connecticut. Like other programs above, the Recycling Partnership and other voluntary industry initiatives (WRAP plastic film recycling, Closed Loop Fund providing loans to governments, etc.) should be incorporated into a new EPR system. Voluntary programs in the U.S. currently provide a path forward for plastic film (e.g., bags) and other niche products to be melded into a more comprehensive program. They also lay out the foundation for corporate relationships needed to roll out an EPR program. By implementing voluntary programs alone, however, Connecticut has no chance of meeting its overarching goals. This sentiment is echoed by waste management professionals globally. There are numerous accounts of how other countries developed voluntary programs before accepting that the only way to achieve waste management goals is through an EPR system. This is the reason why EPR programs for packaging continue to flourish globally, including recent laws enacted in Brazil and Chile. Connecticut should learn from these countries. The situation in the U.S. is no different than in other countries. Opposition is always expressed by those clinging to the status quo. Once a signal is

sent by legislators that change is coming, these companies seek to be part of a new system that reduces the risks of the government passing a law that does not coincide with their interests.

### **Approach**

The Task Force should recommend a process to the legislature that has two discreet phases. This process is the same one used in Canadian provinces to introduce their systems, as well as many other countries around the world. Phase One involves the passage of legislation that sets out parameters for a new EPR system. Phase Two provides the opportunity for stakeholders to collaborate, with the assistance of a facilitator, to develop an EPR system that will best adhere to the framework outlined above. While Phase One provides a strong, clear message to stakeholders that a new system will be implemented, Phase Two allows these stakeholders the opportunity to shape that system to represent their own unique interests. The legislature should set a clear timeframe for the establishment of legislation, and make it apparent that legislation will still be pursued independently if stakeholders refuse to collaborate, or if negotiations fail to achieve a consensus bill.

### **Experience**

I have spent over 30 years working on solid waste issues in the U.S., including seven years as Director of Waste Policy and Planning for the Massachusetts Executive Office of Energy and Environmental Affairs. In that capacity, I worked closely with staff at the Massachusetts Department of Environmental Protection (Mass DEP). I was responsible for solid and hazardous waste management in the Commonwealth, reporting to the Governor's Office through three administrations, and managing waste policy in our five departments (including Mass DEP). I led the development of four solid waste master plans, developed the state's first program and manual for developing pay as you throw programs, developed the state's first master plan for managing household hazardous waste, and managed the disbursement of over \$15 million yearly to public and private entities to encourage innovative programs that reduce waste, increase recycling, create recycling jobs, and reduce municipal costs.

I spent those years developing and implementing voluntary programs, including education, outreach, and financial incentives to encourage municipal and consumer behavior that reduced waste. I also developed and implemented regulatory programs, such as waste bans, pay-as-you-throw, municipal waste combustor requirements, and others. With Mass DEP, I also contributed to closing more than 100 unlined landfills and shutting down several polluting waste incinerators. I developed many collaborative programs with industry, including a first-in-the-nation paint stewardship law and first-in-the-nation mattress stewardship law now in place in Connecticut.

With the Product Stewardship Institute, I have spent 12 years conducting research into new systems, including extended producer responsibility (EPR) for packaging around the world and how it can be applied to jurisdictions in the U.S. I understand the difficulties in returning waste materials back into the circular economy, including the fears, challenges, and opportunities that face Connecticut, legislators, the administration, brand owners, waste haulers, municipal officials, and other stakeholders. I also know when the time is ripe for a state to act, and that time for Connecticut is now.



## **ATTACHMENT B**

### **Task Force to Study Methods for Reducing Consumer Packaging that Generates Solid Waste**

#### **Recommendations**

#### **Addendum 2: The Dissenting Opinion Case for Implementing an EPR system.**

The Task Force looked at approaches to the development of a comprehensive financing model that could stabilize and expand recycling programs in Connecticut and could stabilize and reduce city and town expenditures on recycling services.

The task force recognizes that there is a critical need for stable financing to manage and expand recycling programs in Connecticut. The task force found that Connecticut has an existing and robust municipal recycling program that is facing a number of challenges including:

1. The need to modernize (or update) the infrastructure to improve the quality of recyclable materials and improve market access.
2. The global market for recycled materials is challenged by reduced value for recycled materials as China has implemented its “National Sword” program. This program has restricted the exportation of plastics and mixed paper materials and has dramatically reduced the value of recycled material globally. Additionally, lower oil prices and expansion of virgin resin capacity has added to a challenging market for recycled materials.
3. Connecticut cities and towns are facing increased costs to operate their recycling programs and are receiving smaller payments, if any, from revenue-sharing programs for their recycled materials. The improving economy and increase in online shopping means higher generation of packaging which translates into higher costs for municipalities.
4. Connecticut cities and towns and processors are also facing increasing pressure from brand owners, retailers and packaging material suppliers to expand the packaging materials being accepted into Connecticut’s recycling programs.
5. Packaging is a major factor that leads to marine debris.

#### **Extended Producer Responsibility for Packaging and Printed Paper (Packaging EPR)**

##### **a. Finding:**

- i. The U.S. is one of only a few countries in the Organization for Economic Cooperation and Development that does not have an EPR for packaging and printed paper

(Packaging EPR). Those with Packaging EPR program (some with more than 30 years of experience) include all 28 countries in the European Union, five provinces in Canada (covering more than 90% of pop), most of eastern Europe, Israel, Turkey, Brazil, Chile, Japan, South Korea, Taiwan and Russia. India and China are beginning implementation of EPR programs in 2020. EPR systems are growing worldwide and are the only systems seriously under consideration by countries seeking to meet overarching goals similar to those set out by Connecticut. There is extensive testimony received on the success of these worldwide programs.

- ii. Global Packaging EPR programs vary widely with different levels of shared to full responsibility, nonprofit compared to competitive schemes, and other variables. A Connecticut-specific Packaging EPR framework has not been presented or recommended to the task force.
  - iii. Comprehensive EPR for Packaging and Printed Paper (Packaging EPR) has not been implemented in any US state. Other states are seriously considering EPR for packaging and several bills have been introduced.
  - iv. Comprehensive Packaging EPR was the only policy tool reviewed that would significantly reduce expenditures by Connecticut's municipal governments.
  - v. Connecticut has had extensive experience with EPR programs for other waste streams including electronics, mattresses, paint and thermostats. These programs have been extremely successful in increasing recycling and lowering municipal costs.
  - vi. The Connecticut Department of Energy and the Environment (DEEP) believes the best way to improve the efficacy of state and municipal recycling efforts is through implementation of a Packaging EPR program. DEEP's finding in the comprehensive solid waste plan recommends implementation of a comprehensive packaging EPR program.
  - vii. To improve packaging design and reduce packaging. Countries such as France have been extremely successful in providing incentives through modulating fees that encourage better packaging design, incentives for source reducing packaging and it discounts for the use of recycled content.
  - viii. The Task Force recognizes that implementation of Packaging EPR in Connecticut alone will have minimum impact on packaging design because most packaging is designed for the US as a whole and one program would not elicit sufficient incentives.
- b. Recommendation:
- i. Connecticut DEEP should provide a report on options for implementing Packaging EPR and should consult other states (i.e. California) and regional organizations such as NEWMOA and CONEG to outline a plan for regional expansion of EPR for packaging.
  - ii. Connecticut DEEP will provide an analysis of the municipal fiscal benefits of a packaging EPR program.
  - iii. Connecticut DEEP will provide an estimate of the potential increase in recycling of packaging associated with implementation of packaging EPR.
  - iv. The State should be reimbursed for administrative cost for the Packaging EPR program similar to the e-waste and paint EPR programs

- v. A Packaging EPR comprehensive framework needs to be developed in consultation with all impacted parties including but not limited to:
- vi. Connecticut's municipal governments.
- vii. The waste management industry.
- viii. The packaging industry
- ix. Packaging EPR should be administered and controlled by effected industry with oversight from DEEP. EPR fees should going directly to an industry lead Third Party Organization (TPO) and not the general fund.